

Steve Rowe
Ofgem
9 Millbank
London
SW1P 3GE

23 April 2010

Dear Steve,

Response to Ofgem Review of Current Metering Arrangements

Introduction

GDF SUEZ Energy UK is a major supplier to the Industrial and Commercial Gas and Electricity sectors, having a market share of around 7% in electricity and 12% in gas, in this sector. We supply both Half-Hourly and Non-Half Hourly electricity customers and Daily Metered and Non-Daily Metered gas customers.

Summary

Thank you for the opportunity to respond to the above consultation. GDF SUEZ Energy Ltd is broadly in support of Ofgem's decision to review the current metering arrangements, particularly in the context of significant market change to support 'Smart Metering'.

However, obviously with the limited time that has been given to respond and breadth of scope communicated in the invitation, we are unable to give anything more than a very high level response at this time. We would welcome more clarity on which specific areas Ofgem is minded to review, to enable us to give a more detailed response.

How competition in electricity metering is developing and responding following removal of the price controls?

In general we feel that the Half Hourly (HH) Electricity market for competition is mature and working. Suppliers and Business Consumers have sufficient choices in pricing and service from a variety of MOPs, DCs and DAs. However, we also feel that the Non Half Hourly (NHH) market needs some attention and focus to speed up further competition in this area.

Whether the current arrangement and controls within gas metering are providing effective competition?

In general there is competition in both the Domestic and I&C gas metering market. However, National Grid Meterings continued position of neither selling or leasing back their meters to other MAMs continues to slow the 'opening up' of this market in full, particularly in the I&C sector.

Often forcing Suppliers and MAMs to consider the full exchange of both Meter and Installation kit in the I&C market, resulting in significant costs and inconvenience to our customers. We would welcome a review in this area.

- **the PPM price cap and the impact of last resort obligations on networks**
 - As we do not operate PPM meters, we are unable to comment

Concerns raised regarding the behaviour of vertically integrated metering businesses in the market and whether this behaviour may be acting as a deterrent to new entry and/or expansion of competitive metering providers

As indicated above, we feel that the NHH market needs some attention and focus in this area to speed up further competition.

Reassessment of the proposal made in 2007 that distribution companies should be required to separate their metering and distribution businesses

In general we welcome this review.

Availability of metering services for small and/or out-of-area suppliers following removal of price control obligations

As indicated above the NHH market requires some focus in this area.

Smart Metering

As GDF SUEZ Energy UK operates in the I&C sector of the market we believe the 'Roll Out' of Smart Metering will result in significant impact across both sectors, unless it is clearly understood and demarcated what needs to change and what does not need to change to support the success of the program.

It is our strong belief that that Advanced metering solutions, such Automated Meter Reading (AMR) are already producing significant benefits, well ahead of the 2020 target from the current Government.

GDF SUEZ has been keen to be involved in developing these 'Business Smart' solutions across the I&C Sector, many of which have involved transverse solutions around Interoperability, Data Flows and provision of suitable metering equipment.

We believe that the I&C sector has responded quickly and robustly to these challenges in the following ways:

- GDF Suez proposed and developed the UNC 0224 code change to introduce the Daily Metered Elective regime which is planned to go live later in 2010.
- GDF SUEZ has been an interested and active participant in the ESTA ASP Code of Practice, facilitating a robust framework and governance for new and established ASP participants in the market

- We were involved in the review IGE GM/7 to incorporate the changes in the market for multiple pulse connections and participants
- GDF SUEZ represented on the SPAA review for generic industry flows to support interoperability between Suppliers and MAMs
- GDF SUEZ has also contributed to the ICoSS vision for Business Smart which has been attached for your reference. We believe this vision goes some significant way to meeting DECC's requirements for Smart Metering in the I&C sector today

I trust this information is helpful and if you have any questions or would like to discuss further, please do not hesitate to contact me on 0113 306 2104 or mobile 07733 322460.

Yours sincerely,

Phil Broom
Regulatory Affairs Manager
GDF Suez Energy UK